

# SUSTAINABLE FUNDING FOR ECD: THE GLOBAL PICTURE

For: the Forum on Investing in Young Children Globally

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# SUSTAINABLE DEVELOPMENT GOALS 2015-2030

**THE LAST OF THE 17 DRAFT-SDGs IS ABOUT CREATING THE CONDITIONS FOR ACHIEVING THE OTHER GOALS. IT INCLUDES FIVE FINANCIAL SUB-GOALS.**

1. Strengthen **domestic resource** mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection
2. Developed countries to implement fully their **ODA** commitments, including to provide 0.7% of GNI in ODA to developing countries of which 0.15-0.20% to least-developed countries
3. Mobilize **additional financial resources** for developing countries from multiple sources
4. Assist developing countries in attaining long-term **debt sustainability** through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries (HIPC) to reduce debt distress
5. Adopt and implement **investment promotion regimes** for LDCs

Finance is the first theme under Goal 17. Others are technology; capacity building; trade; policy and institutional coherence; partnerships; data, monitoring, accountability.

## DOMESTIC RESOURCES

**INPUT: TAX AND OTHER REVENUES AT VARIOUS LEVELS**



**OUTPUT:**

**GOVERNMENT SPENDING ON THE ECD SECTORS (SOCIAL AFFAIRS, HEALTH, EDUCATION) BUT ALSO OTHER SECTORS SUCH AS INFRASTRUCTURE, AGRICULTURE, INDUSTRY, DEFENSE, ADMINISTRATION, DEBT SERVICE.**

## WAYS TO BOOST PUBLIC FUNDING FOR ECD

Difficult:

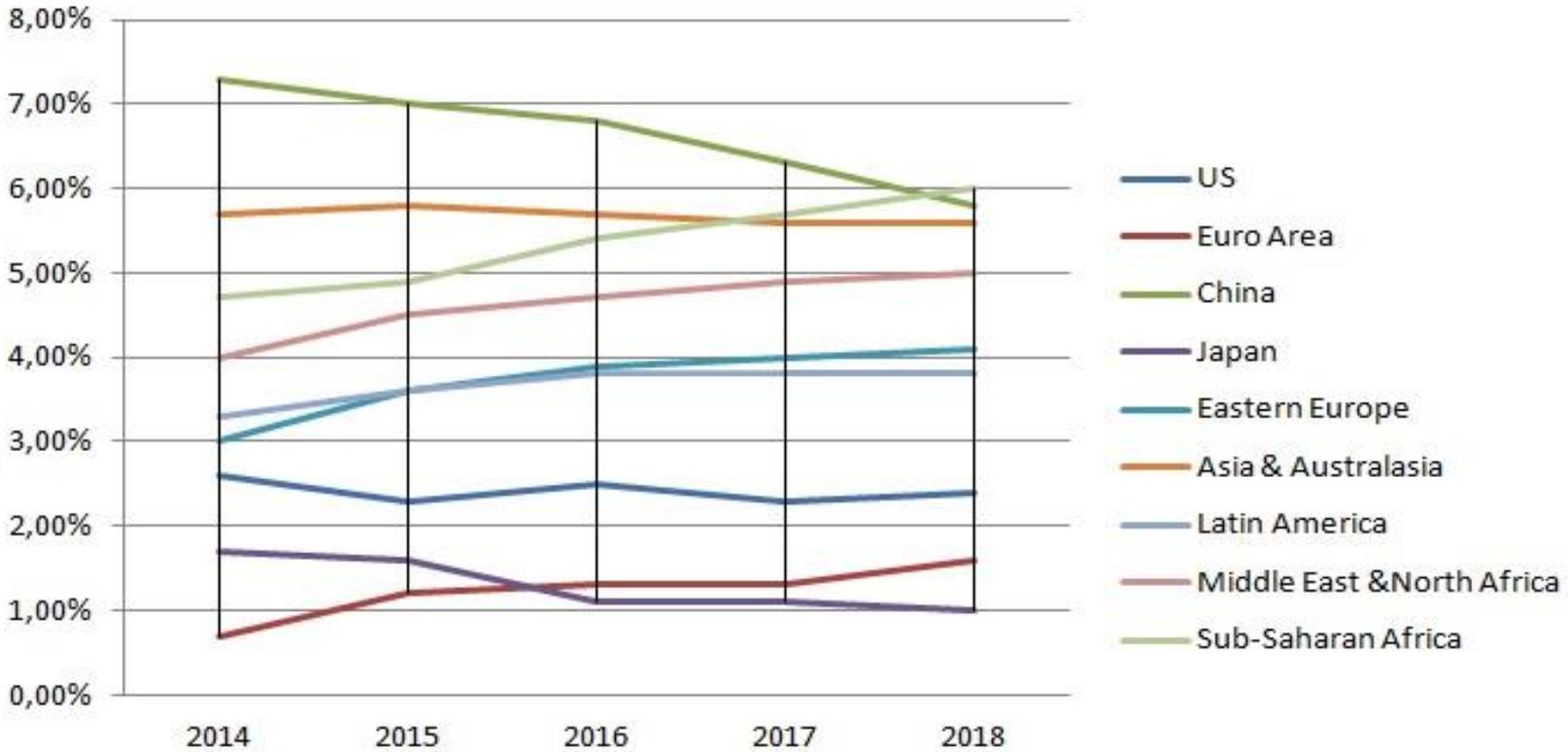
- Decrease other budgets.
- Raise tax levels.
- Increase government deficit.

Promising:

- Benefit from high economic growth in many developing countries to increase total tax revenue **without** raising tax levels.
- Enhance efficiency in government spending; reduce “leakage”; and combat tax evasion (good governance).
- For some ECD services: promote private provision so that more public money is left for the poorest (but be mindful of issues such as quality, relevance; equity; systemic coherence).

# THE CHANGING DYNAMICS OF DEVELOPMENT ASSISTANCE: GROWTH IN DONOR AND RECIPIENT COUNTRIES

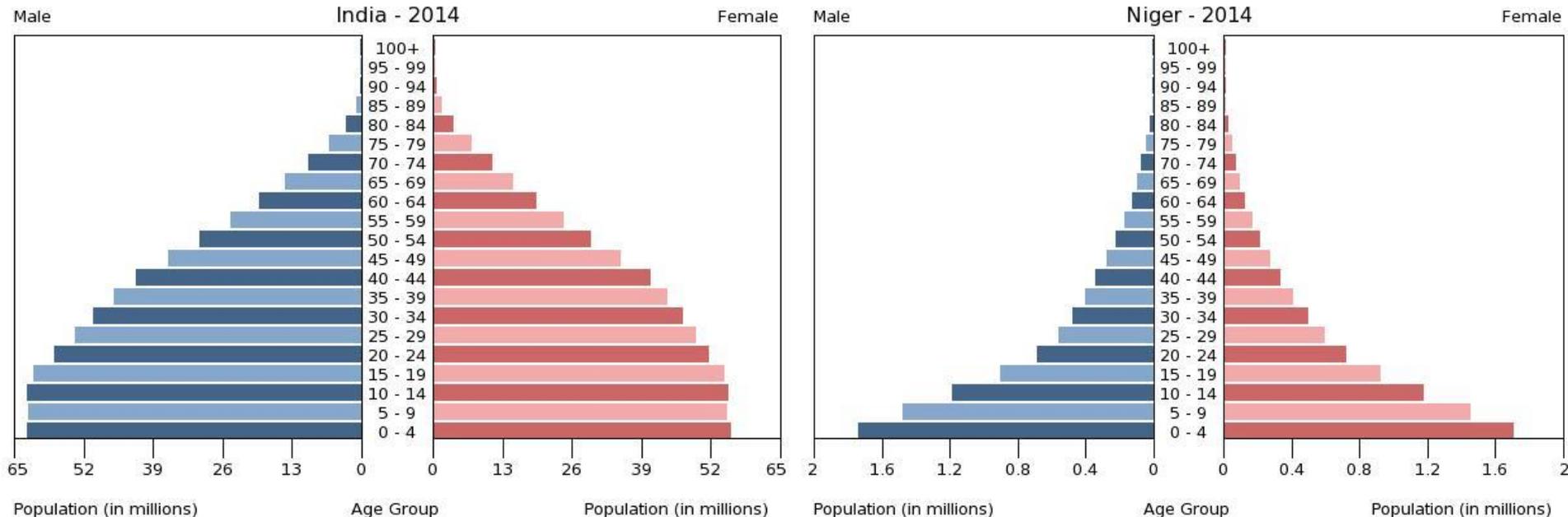
Figure 1. Global GDP Growth Projections



Source: EIU Global Forecasting Service

mlarrazabal.com

WHILE INDIA SAW ITS FERTILITY RATE DECREASE 20 YEARS AGO, NIGER STILL FACES THE CHALLENGE OF PROVIDING ECD SERVICES TO EVER LARGER AGE COHORTS. GLOBALLY, THE FERTILITY RATE HALVED IN JUST A FEW DECADES TO 2.33.



THUS, THE FEASIBILITY OF SCALING UP ECD SERVICES DEPENDS ALSO ON FERTILITY RATES, WHICH IS AN ADDITIONAL ARGUMENT FOR INTER-GENERATIONAL APPROACHES.

# CONCLUSIONS

- As high economic growth in many (not all) developing countries holds the promise of mobilizing *significant* public/domestic resources for ECD.....
- .....ODA can focus increasingly on countries with less growth and/or high fertility.
- More in general, donors, NGOs and faith-based organizations might focus on creating conditions: capacity development (for programs *and* policy development), innovation, research, M&E, and perhaps capital investment...
- ..... while the thrust of *recurrent* funding is increasingly domestic, hence more and more sustainable.
- With regards to innovative funding we should distinguish innovative *mechanisms* (e.g. per capita funding; results-based budgeting) from alternative *sources*.
- Reliance on private sector and NGOs for recurrent funding may have the adverse effect that we lose the prospect of sustainable funding from public sources, precisely now that the chances for this are better than ever before. Once we drop the claim that ECD services be secured through public funding only, we implicitly label ECD services as non-essential. It may take decades to correct this.